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UNCLAS SECTION 01 OF 02 SHANGHAI 000252

SENSITIVE
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USTR FOR CHINA OFFICE - AWINTER, TWINELAND; IPR OFFICE
KALVIREZ; AND OCG - TPOSNER
DOC FOR ITA/MAC: ESZYMANSKI
LOC/ COPYRIGHT OFFICE - STEPP
USPTO FOR INT'L AFFAIRS - LBOLAND
DOJ FOR CCIPS - TNEWBY
FBI FOR LBRYANT
DHS/ICE FOR IPR CENTER - THIEPELIUS
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SUBJECT: NANJING CONTINUES TO LEAD ON IPR ISSUES

SHANGHAI 00000252 001.2 OF 002

¶1. (SBU) Summary: Nanjing continues to push the envelope on intellectual property rights (IPR) protection in East China. During a May 18 through 20 visit to the city, IPR Officer Conrad Wong from the U.S. Consulate in Guangzhou engaged Nanjing IP Administration officials, who said that patent applications continued to rise despite the economic crisis. In a separate meeting, Wong also engaged a group of 80 law students from the Nanjing University of Science and Technology (NUST) on trademark protection. He also attended and spoke at a U.S.-China Seminar on Intellectual Property Protection co-organized by MPEG LA and NUST. End Summary.

Patent Applications Increased in Spite of Economic Crisis

¶2. (SBU) Nanjing IP Administration (NIPA) Deputy Director General Huang Rong welcomed the visit and expressed his hope for more cooperation between the United States and Nanjing on IPR. He added that the Nanjing IP Administration plans on organizing a delegation to visit the United States in September to study the U.S. IP protection system. He noted that there were 11,692 patent applications filed from Nanjing in 2008, representing an increase of 45.6 percent over 2007. The growth in patent registrations put Nanjing in first place among China's second-tier cities. Huang attributed the growth to companies in Jiangsu paying more attention to patent filing because they have become more aware of the importance of "self-innovation" during the economic crisis. On the enforcement side, Nanjing IP administrative authorities received 15 patent cases (12 of which were closed), handled 227 trademark cases, and confiscated 726,352 pirated books in 2008. The Nanjing Intermediate Court received 410 IP cases of first instance. In addition, the Nanjing Public Security Bureau investigated 83 IP criminal cases, and Nanjing Customs handled 29 IP investigations in 2008.

13. (SBU) Huang emphasized that the Nanjing IP Administration promotes IPR awareness among the public and subsidizes patent applications, especially for universities. Nanjing established an IP Legal Service Center, which provides consulting service for individuals and companies on IP issues. An IP Public Service Platform also was built to provide a database for patent searches. Huang also said that, although the traditional industries in Nanjing are petro-chemical, electronic-information, automation, and steel industries, some new industries are sprouting up, such as software, biotech, rail transportation and clean energy, which increasingly are filing patent applications. Currently, patent applications from the electronic-information industry make up the lion's share of patents filed in Nanjing.

Engaging NUST Students

14. (U) Besides meeting with Nanjing officials, Wong gave a speech to 80 law students at Nanjing University of Science and Technology (NUST). After explaining how to protect trademarks in the United States, he fielded a wide range of questions on the U.S. IP protection system, including questions on the electronic filing of trademark applications and the evaluation procedures for trademark registration. In response to a student query, he discussed how the U.S. protects the American equivalent of China's concept of "well-known marks." These "well-known marks" represent some of China's most famous brands. The U.S. treats "well-known marks" through its analysis of "acquired distinctiveness," also known as "secondary meaning." As its products gain greater acceptance

SHANGHAI 00000252 002.2 OF 002

in the world marketplace, China is seeking protection for its trademarks in other countries.

U.S. - China Seminar on Intellectual Property Protection

15. (SBU) In a separate event co-organized by MPEG LA and NUST entitled the "U.S.-China Seminar on Intellectual Property Protection", Wong gave another speech about challenges facing the U.S. Patent and Trademark Office in the current economic climate. Other speakers at the event included the following: MPEG LA Vice President Dean Skandalis, who spoke about patent pooling and how to use the model to commercialize China's IPR; NUST Professor Wu Guanghai, who discussed the interrelation between patent-pool management and anti-trust law; and an attorney from the Shanghai City Development Law Firm, He Xianghua, who reviewed the latest amendment of China's Patent Law. Jiangsu IP Administration Joint Conference Office Director Wang Gang opened up the conference and noted that the Jiangsu IP Administration wants to increase cooperation with the United States and is planning to hold its third IPR joint seminar with the U.S. Chamber of Commerce this year.

Nanjing Sees IP Protection as a Way to Increase Innovation

16. (SBU) Comment: Nanjing continues to be innovative in its approach to IPR protection, and is open to dialogue and

cooperation on IPR. City IP officials often emphasize that the municipality wants to be a center of innovation and an alternative to Shanghai for R&D and high tech. Although the manufacturing sector accounts for the largest portion of Nanjing's economy (total GDP was roughly USD 55 billion in 2008), followed by the service sector, high-tech companies increasingly are flocking to the city because of its top-notch educational and research institutions. Nanjing IP leaders also have remained open to dialogue on IP with U.S. officials and business organizations. For example, the U.S. Chamber of Commerce and Jiangsu IP Office signed a Memorandum of Understanding (MOU) in early 2007 to jointly organize an IP Working Group Meeting. Nanjing IP officials have engaged actively in the benchmarking process that was established through the MOU. The city is gaining a positive reputation among U.S. businesses as a place that is serious about protecting IP through its court system. As a result, IP-related civil litigation by foreign companies is increasing. Separately, Nanjing has been innovative on IP enforcement, setting up "model IP districts" and particularly cracking down on illegal software downloads at IT centers. Copyright protection particularly has been important to Nanjing as it seeks to nurture its own nascent software industry.

17. (U) IPR Officer Conrad Wong has cleared this report.
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